

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

FIRST SET OF INFORMATION REQUESTS OF THE DEPARTMENT OF  
TELECOMMUNICATIONS AND ENERGY TO KEYSpan ENERGY DELIVERY

D.T.E. 05-40

Respondent: Theodore E. Poe

Date: August 2, 2005

Information Request DTE 1-3

- Q. Please explain in detail how this proposal is consistent with the Company's most recently approved Forecast and Supply Plan. Please refer the Department to the relevant pages of the Company's filing and/or relevant pages of the Department's decision. State whether this proposal is expected to be consistent with the Forecast and Supply Plan the Company anticipates filing in Fall 2005.
- A. Please refer to Pages 115-118 of the Company's last approved supply plan filing (D.T.E. 01-105) which sets forth the three step process followed by the Company when faced with contract expiration and renewal decisions. First, the Company determines the need to maintain the contracts as part of the resource portfolio. The continued need for the ANE contract volumes is documented in Exhibit TEP-2. Second, the Company consults with competitive marketers' serving customers on KeySpan's system. As noted in the response to DTE 1-12, no marketers responded to KeySpan's notification that it was entering into new agreements with Union and TransCanada to replace the existing ANE volumes. Third, until the Department makes the determination that the upstream capacity market is sufficiently competitive to warrant a modification of its obligation to procure and plan for the capacity needs of its customers, KeySpan will protect its rights to needed resources by renewing or replacing contracts for an extended time period to maintain flexibility, diversity and reliability consistent with least cost principles, while balancing the circumstances of the evolving marketplace. On June 6, 2005, in Natural Gas Unbundling, DTE 04-1 at pp. 26; 52-53 the Department concluded that the upstream capacity market for New England is not yet workably competitive and directed LDCs to continue to plan for and procure upstream pipeline capacity to serve firm customers.

Thus, the Company followed the process approved in D.T.E. 01-105 with respect to the determination on whether and on what terms to renew or replace the ANE volumes currently relied upon by the Company to meet firm send out requirements. A copy of pages 115-118 of the Company's last Supply Plan filing is attached as Attachment DTE 1-3. Given the Department's recent findings in D.T.E. 04-1, the Company expects to incorporate the same process into its Fall 2005 filing.